Financial report 2010

Celesio Finance B.V.

Amsterdam

Contents

Annual report of the directors

The board of Directors are pleased to present the annual report and financial statements of the Company for financial period ended December 31 2010.

Overview of Activities
Celesio Finance was incorporated in July 2003 and acts as a group financing company and is responsible for the mid to long-term financing of Celesio Group companies via the issuance of inter-company loans. Celesio Finance is refinanced via long-term committed multi-currency bank loans, bonds, promissory notes and deposits of Celesio Group companies.

On 16 April 2010 Celesio Finance issued a 500 Mil EUR, bond with a coupon of 4,5% and a maturity term of 7 years which is listed on the Luxembourg Stock Exchange. The bond issuance was a success with a substantially oversubscription compared to the nominal value. The issue of this bond, which was the second capital market transaction of Celesio Finance in the last 12 months, has further helped Celesio Finance to diversify its financing portfolio by reducing its bank liabilities in favour of capital market financing and to further optimize its maturity and debt investor profile.

In March 2010, the 6 year tranche with a nominal volume of 16,9 Mil GBP of the second Promissory Note issued in March 2004 matured and was fully repaid. In June, Celesio Finance made an early repayment of 60 Mil GBP on the variable interest part of the fourth Promissory Note issued in December 2005. In June, Celesio Finance also made an early repayment of 25 Mil GBP on the Promissory Note issued in December 2009. In September, Celesio Finance fully repaid early the 7 year 22.5 Mil EUR tranche of the Promissory note issued in September 2004.

Apart from its financing activities Celesio Finance has successfully implemented SAP as its new accounting and treasury software.

Audit Committee
Due to the issue of the listed bond Celesio Finance B.V. is now classified as a public-interest entity (Organisatie van Openbaar Belang). Based on the Dutch decree (*Besluit*) of 26 July 2008 in connection with the implementation of Article 41 of the European Directive of 17 May 2006 no. 2006/43/EC, each public-interest entity should have an audit committee. However, Celesio Finance has opted for the possibility to make use of the parent company audit committee in compliance with the conditions within the decree.

Results
In 2010 Celesio Finance realised a net result of 2.8 Mil EUR compared to 2.9 Mil EUR in 2009. The interest result remained on the same level, due to the close monitoring of the margin.

Risk Management
The risk management of the company is based on the policy that almost all interest liabilities and currency risks are hedged, either through natural hedging or through the use of derivatives." The exception is an intercompany loan with a fixed rate, which is funded by variable rate bond but which is sufficiently hedged by an interest rate cap. This interest cap was sold in December 2010. The new issued listed bond which has a fixed rate is on lent at variable rates. Fluctuations in the variable market interest rates can effect the Company's financial position and cashflow but is mitigated by the adjustment of the intercompany loan margin by using a cost based transfer price model.

The credit risks are covered by a guarantee issued by Celesio AG.

Reference is also made to the financial instruments disclosure on page 15.

Future Developments
The nature of the business activities have not significantly changed in 2010 and the company intends to continue its operations as a group finance company. No substantial changes are expected for the foreseeable future. Celesio Finance B.V. has a significant number of unused long-term confirmed lines of credit and can make use of these at any time. In addition, Celesio Finance has a syndicated credit line of EUR 600 mil on which it can draw. Celesio Finance keeps appropriate free credit lines in reserve in relation to the company's indebtedness. On 7 April 2011 Celesio Finance B.V. successfully issued a second convertible bond to benefit from the current favourable market environment for the long term financing and to further diversify the funding sources and investor base.

Rehousing
Celesio Finance B.V. was sharing its office with Lloyds Apotheken B.V. which is merged with the subsidiary of another European pharmaceutical wholesaler. Therefore Celesio Finance B.V. will no longer share the office with Lloyds Apotheken B.V. but has moved its office to a new location.

This year a change in the Board of Directors took place. Mrs I. Martinot stepped down from her position as Director at Celesio Finance per the 26th of October 2010. Mr T. Beer, also an employee within the Celesio AG group, has taken over her responsibilities. We thank Mrs. I. Martinot for her work and wish her all the best for the future.

Responsibility Statement

The report contains the company annual financial information for the period ended 31 December 2010 of Celesio Finance B.V., Amsterdam, which comprises the balance sheet as at 31 December 2010, the profit and loss account, the cash flow statement and the related notes. The principles activities of the company are included in Note 1.1.

To the best of our knowledge and in accordance with the applicable reporting standards for financial reporting, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and the director's report of the Company includes a fair review of the Information required pursuant to section 5:25d(8)/(9) of the Dutch Financial Markets Supervision Act (Wet op de Financieel toezicht) including development and performance of the business and the position of the Company as of December 31, 2010, together with a description of the principal opportunities and risks associated with the expected development of the Company.

Financial statements

Balance sheet as at 31 December 2010

(Before proposed appropriation of result)

	Notes	31 December 2010		31 December 2009	
		x 1000 EUR	x 1000 EUR	x 1000 EUR	x 1000 EUR
Fixed assets					
Tangible fixed assets	5.1				
Fixtures and fittings		2		3	
			2		3
Financial fixed assets	5.2				
Amounts due from group companies		1,744,956		1,573 ,323	
			1,744,956		1,573,323
Current assets					
Receivables					
Derivatives		4,819		0	
Corporate tax		0		30	
Other receivables		2		0	
			4,821		30
Deferred expenses	5.3		0		3,198
Cash at banks and in hand	5.4		22		14
Total assets			**1,749,801**		**1,576,568**

	Notes	31 December 2010		31 December 2009	
		x 1000 EUR	x 1000 EUR	x 1000 EUR	x 1000 EUR
Shareholders' equity	5.5				
Paid-in and called-up share capital		2,000		2,000	
Profit for the period		2,781		2,901	
			4,781		4,901
Long-term liabilities	5.6				
Loans from credit institutions		239,591		451,433	
Bond loans and private placements		1,152,331		702,610	
Convertible Bond		315,116		307,342	
			1,707,038		1,461,385
Current liabilities					
Loans from credit institutions (interest to be paid)		787		1,100	
Bond and private placements (interest to be paid)		17,889		89,231	
Convertible bond coupon (interest to be paid)		2,301		2,301	
Payables to suppliers		23		28	
Payables to group companies		16,798		17,484	
Taxes and social security costs	5.7	2		8	
Corporate tax		167		0	
Other liabilities	5.7	15		130	
			37,982		110,282
Total equity and liabilities			**1,749,801**		**1,576,568**

Profit and loss account

	Notes	31 December 2010		31 December 2009	
		x 1000 EUR	x 1000 EUR	x 1000 EUR	x 1000 EUR
Interest income	6.1	69,393		51,711	
Interest expenses	6.2	65,191		47,518	
Interest margin			4,202		4,193
Operating expenses					
Employee benefits	6.3	90		90	
Other operating expenses	6.4	379		230	
			469		320
Result before taxation			3,733		3,873
Income tax expense	6.5		952		972
Net result			2,781		2,901

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Cash Flow Statement

	2010	2009
	x 1000 EUR	x 1000 EUR
Cash flows from operating activities		
Profit before tax	**3,733**	**3,873**
Adjustments for:		
Depreciation	1	0
Amortization finance fee	3,198	1,111
	6,932	**4,984**
Changes in working capital:		
Receivables	-2	0
Changes in short-term liabilities and accruals (exclusive of short term financing)	-127	44
Income tax paid	-754	-1,016
Net cash flow from operating activities	**6,049**	**4,012**
Net cash flow from investment activities	**0**	**0**
Changes in short-term financing	-71,655	-29,798
Dividends paid	-2,901	-689
Changes in financial fixed assets	-171,633	-295,287
Changes in derivatives	-4,819	0
Movement in long-term liabilities	252,795	321,913
Movement in intercompany funding	-686	-2
Arranger Fees paid	-7,142	-176
Net cash flow from financing activities	**-6,041**	**-4,039**
Net cash flow	**8**	**-27**
Change in funds	**8**	-27
Funds on 01/01	14	41
Funds on 31 December	**22**	**14**

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Notes to the balance sheet and profit and loss account

1 General

1.1 Activities

Celesio Finance B.V. has been incorporated in 2003. The activities of Celesio Finance B.V. are the financing of Group companies of Celesio AG, Stuttgart via the provision of intercompany loans.

Celesio Finance B.V. is classified as a 'Organisatie van Openbaar Belang (OOB) since the company issued a bond which is listed on the Regulated official market of the Luxembourg Stock Exchange as at 16 April 2010 (refer to section 5.6).

1.2 Group structure

Celesio Finance B.V. belongs to the Celesio AG group in Stuttgart, whose majority shareholder is Franz Haniel & Cie. GmbH, Duisburg. The annual financial reports of Celesio Finance B.V. are included in the consolidated annual reports of Celesio AG and Franz Haniel & Cie GmbH. Copies of the consolidated annual accounts of Celesio AG are available via the group head office in Stuttgart. Copies of the consolidated annual accounts of Franz Haniel & Cie. GmbH are available via the group head office in Duisburg.

1.3 Prior-year comparison

The accounting policies have been consistently applied to all the years presented.

1.4 Notes to the cash flow statement

The cash flow statement has been prepared applying the indirect method. The cash and cash equivalents in the cash flow statement comprise the balance sheet items cash at banks.

Cash flows in foreign currencies have been translated at the appropriate exchange rate. Dividends paid have been included in the cash flow from financing activities. Income tax paid and received are included in the cash flow from operation activities. Interest received and interest paid have been included in the cash flow from financing activities.

1.5 Related-party transactions

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also, entities which can control the company are considered a related party. In addition, statutory directors and close relatives are regarded as related parties.

Significant transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is required for to provide the true and fair view.

1.6 Estimates

The preparation of financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. If necessary for the purposes of providing the view required under Section 362(1), Book 2, of the Netherlands Civil Code, the nature of these estimates and judgments, including the related assumptions, is disclosed in the notes to the financial statement items in question.

2 Principles of valuation of assets and liabilities

2.1 General

The annual accounts have been prepared in accordance with the statutory provisions of Part 9, Book 2, of the Netherlands Civil Code and the Dutch Accounting Standards for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board.
The annual accounts are prepared in Euro. In general, assets and liabilities are stated at the amounts at which they were acquired or incurred, or fair value. If not specifically stated otherwise, they are recognised at the amounts at which they were acquired or incurred.
The balance sheet and profit and loss account include references to the notes.

2.2 Foreign currencies

Functional currency

Items included in the financial statements of group companies are measured using the currency of the primary economic environment in which the respective group company operates (the functional currency). The financial statements are presented in euros, which is the functional and presentation currency of Celesio Finance B.V.

Transactions, receivables and debts

Foreign currency transactions in the reporting period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognised in the profit and loss account.

Translation differences on non-monetary assets held at cost are recognised using the exchange rates prevailing at the dates of the transactions (or the approximated rates).

2.3 Tangible fixed assets

Other tangible fixed assets are valued at acquisition cost less straight-line depreciation over the estimated useful economic life, or lower market value.

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2.4 Financial fixed assets

Other receivables disclosed under financial assets include issued loans and debentures to related parties that will be held to their maturity date. These receivables are initially measured at fair value, and subsequently carried at amortised cost. The intercompany receivable related to the convertible bond is valued at fair value. If debentures are acquired or loans are issued at a discount or premium, the discount or premium is recognised through profit or loss over the maturities of the debentures or loans using the effective interest method. Also transaction costs are included in the initial valuation and recognised in profit or loss as part of the effective interest method. Impairment losses are deducted from amortised cost and expensed in the profit and loss account.

2.5 Impairment of tangible fixed assets and its recognition

On each balance sheet date, the company tests whether there are any indications of an asset, which could be subject to impairment. If there are such indications, the company estimates the recoverable amount of the asset concerned. If this is not possible, the recoverable amount of the cash-generating unit to which the asset belongs, is identified.
An asset is subject to impairment if its book value is higher than its recoverable value; the recoverable value is the highest of the realizable value and the present value. Impairment is recognized as an expense in the profit and loss account immediately.

2.6 Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues.

2.7 Deferred Expenses

Deferred expenses are valued at cost and amortized on a straight-line basis over the period to which they relate.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances and deposits held at call with maturities of less than 12 months. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. Cash and cash equivalents are stated at face value.

2.9 Derivative financial instruments

Securities included in financial and current assets are stated at fair value. All other on-balance financial instruments are carried at (amortised) cost.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If no fair value can be readily and reliably established, fair value is approximated by deriving it from the fair value of components or of a comparable financial instrument, or by approximating fair value using valuation models and valuation techniques. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models, making allowance for entity-specific inputs.

The valuation of derivative financial instruments depends on the instrument: is it quoted in an active market or not. If the underlying object of the derivative financial instrument is listed on a stock exchange, it is valued at fair value. If the object is not quoted in an active market, it will be stated at amortised cost. Recognition of changes in the value of a derivative financial instrument is dependent on whether or not the instrument is designated as a hedging instrument.

The Company applies hedge accounting on a few derivative financial instruments. The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items. The Company also tests its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Derivative financial instruments including currency swaps, currency forwards, interest rate swaps and caps are initially recognised at fair value and subsequently measured in the balance sheet at cost, based on the application of cost price hedge accounting.

The gain or loss relating to the ineffective portion is directly recognised in the profit and loss account within finance costs.

2.10 Non-current liabilities

Borrowings are initially recognised at fair value, net of transaction cost incurred. Borrowings are subsequently stated at amortised cost, being the amount received taking account of any premium or discount less transaction costs.

Any difference between the proceeds (net of transactions costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

Celesio Finance uses the exception of Dutch Accounting Standard 290 which stipulates that, in determining amortised cost, straight-line amortisation is allowed provided that this does not result in significant discrepancies with the effective interest method. Relating to the convertible bond and new listed bond as mentioned in section 5.6 , the effective interest method is used. The convertible bond is valued at fair value.

3 Principles of determination of result

3.1 General

The result represents the difference between the value of the services rendered and the costs and other charges for the year. The results on transactions are recognised in the year they are realised; losses are taken as soon as they are foreseeable.

3.2 Exchange rate differences

Exchange rate differences arising upon the settlement or conversion of monetary items are recognized in the profit and loss account in the period that they arise, unless they are hedged.

3.3 Interest Income and Expense

Interest Income and Expense are recognised on an time-weighted basis, taking account of the effective interest rate of the assets and liabilities concerned. When recognising interest paid, allowance is made for transaction costs on loans received as part of the calculation of effective interest.

3.4 Employee benefits

Salaries, wages and social security contributions are taken to the profit and loss account based on the terms of employment, where they are due to the employee. The pension plan applicable qualifies as a defined contribution plan.

3.5 Costs

Costs are recognised when incurred and are allocated to the reporting year to which they relate.

3.6 Depreciation

Depreciation is calculated using the straight-line method over the estimated useful economic life.

3.7 Income tax

Tax on result is calculated by applying the current Dutch tax rate to the result for the financial year in the profit and loss account taking into account any tax-exempt items and non-deductible expenses.

4 Financial instruments

4.1 Currency risk

Celesio Finance B.V. is active in Europe. The currency risk relates to positions and future transactions in British pounds, Czech koruna, Norwegian krone, Swedish krone and Danish krone. Based on a risk analysis, the Boards of Directors of Celesio Finance B.V. determined that currency risks need to be hedged.

4.2 Interest rate risk

Celesio Finance B.V. is exposed to interest rate risk on the interest-bearing receivables derived from intercompany loans granted to other members of the Celesio group and interest-bearing current and long-term liabilities arising from the funding situation of Celesio Finance B.V. This risk is managed by a constant review and adjustment, if applicable, of the intercompany interest margin on the loans granted. Celesio Finance B.V. is exposed to the consequences of variable interest rates on receivables and liabilities. In relation to fixed interest receivables and liabilities, it is exposed to market values.

Celesio Finance B.V. has not entered into any derivative contracts to hedge the interest risk on receivables.

4.3 Credit risk

We refer to paragraph 5.2 regarding the guarantee of Celesio AG. Celesio Finance B.V. clients are group companies of Celesio AG, Stuttgart. Based on the equity position of Celesio AG, Celesio Finance B.V. classifies the potential credit risk to be very limited.

4.4 Liquidity risk and refinancing risk

The aim of our liquidity management is to ensure that Celesio Finance B.V. is always in a position to meet its obligations and to afford the company both short and long term flexibility. To this end we maintain a balanced maturity profile for our financial liabilities, work with a broad base of carefully selected international banks and make use of a number of financial sources. We carefully manage our maturity profile to avoid high repayments in individual years.

5 Notes to the balance sheet

5.1 Tangible fixed assets

	Fixtures and fittings	
	31 Dec 2010	**31 Dec 2009**
	x 1000 EUR	x 1000 EUR
1 January		
At cost	10	10
Accumulated decreases in value and depreciation	-7	-7
Book value	3	3
Movements		
Depreciation	-1	-0
	-1	-0
End of period		
At cost	10	10
Accumulated decreases in value and depreciation	-8	-7
Book value	2	3
Depreciation rates	20%-33%	

5.2 *Financial fixed assets*

	Other receivables	Other receivables
	31 Dec 2010	31 Dec 2009
	x 1000 EUR	x 1000 EUR
1 January		
Book value	1,573,043	1,278,036
Movements		
Revaluations	25,137	53,806
Additions	304,840	436,123
Repayments	-158,064	-194,642
	171,913	295,287
End of period		
Book value	1,744,956	1,573,323

The Financial Fixed Assets include loans given to Group companies in Germany, the UK, Belgium, Italy, Sweden, France, Ireland, Denmark and the Czech Republic. Loans given in CZK, GBP, SEK and DKK have (if applicable) been hedged with currency Swaps. The fair value of these loans does not significantly differ from the carrying value given the fact that they bear variable interest rates. These loans can be extended every time with a maturity exceeding one year; therefore classified as long term. The interest receivable is rolled up. These loans are all provided under the Intra-Group Funding agreements, these agreements mature on 25 April 2017. The interest varies between 1.9% and 5.6%.

Celesio AG has provided a guarantee to the loan providers of Celesio Finance. In case of default of the intercompany loans Celesio AG has agreed under a limitation of recourse agreement between Celesio Finance and Celesio AG that the right of recourse of Celesio AG is limited in so far that the economic risk of Celesio Finance B.V. is effectively limited to EUR 2 Mil. This is in order for Celesio Finance to meet the Art. 8c paragraph 2 VpB (Corporate Income Tax law) requirements.

Refer also to section 5.6 for information regarding the intercompany loan receivable concluded in 2009 (EUR 311 million) related to the convertible bond. The addition of EUR 305million is related to the bond issue of 16 April 2010 (refer to section 5.6) and this amounts has been lent to Celesio AG.

5.3 *Deferred Expenses*

	31 Dec 2010 x 1000 EUR	31 Dec 2009 x 1000 EUR
Discount on the promissory notes	0	1,150
Bank Provisions	0	2,668
Interest Cap	2,193	5,552
Amortization	-1,730	-6,172
Sale of Cap	-463	0
	0	3, 198

Discount on promissory notes and bank provisions related to promissory notes issued after 1 January 2008 are deducted from the long-term liabilities.

5.4 *Cash at banks and in hand*

	31 December 2010 x 1000 EUR	31 December 2009 x 1000 EUR
Bank	22	14
	22	14

Cash is at the free disposal of the company.

5.5 *Shareholders' equity*

The authorised share capital of Celesio Finance B.V. as at 31 December 2010 amounts to EUR 10.000.000 and consists of 10.000.000 ordinary shares of EUR 1 each. Issued and paid share capital amounts to EUR 2.000.000 and consists of 2.000.000 shares. The contribution on all the 2.000.000 shares issued in 2003 was made in cash with no share premium created. No changes occurred during the year 2010.

Profit for the year

	31 Dec 2010 x 1000 EUR	**31 Dec 2009** x 1000 EUR
Balance as at 1 January	2,901	689
Dividend distribution	-2,901	-689
Profit for the period	2,781	2,901
Balance as at end of period	2,781	2,901

5.6 *Long-term liabilities*

	Term **1 – 5 years** x 1000 EUR	**Term** **> 5 years** x 1000 EUR	**31 Dec 2010** **Total** x 1000 EUR	**31 Dec 2009** **Total** x 1000 EUR
Loans from credit institutions	239,591	0	239,591	451,433
Bond and private placements	634,473	525,000	1,159,473	702,610
Arranger fees on bond and private placements	-535	-6,607	-7,142	0
Convertible bond	315,116	0	315,116	307,342
	1,188,645	518,393	1,707,038	1,461,385

Celesio Finance is being charged with market conditions based on the term of the loans. The interest rate varies between 1 % and 5.4 %.

Repayment obligations falling due within 12 months of the end of the financial year as set out above, are included in current liabilities (EUR 0; no repayments in 2011).

Loans from credit institutions
The Loans from credit institutions are Multi Currency Loans that can also be drawn in other currencies than EURO. Parts of these Loans are at year end drawn in GBP, DKK and CZK. The fair value of these loans does not significantly differ from the carrying value given the fact that all these loans are drawn short-term with interest rates based on the respective market reference interest rates, these loans can be extended every time with a maturity exceeding one year; therefore classified as long term. The Multi-Currency Revolving Credit Facilities are shared with Celesio AG.

The parent company Celesio AG, Stuttgart has guaranteed these Loan facilities.

Bond and private placements

31 Dec 2009	Start	Maturity	Net amount (EUR)	Face value	CCY
PN 3	15-9-2004	15-9-2011	22,500,000.00	22,500,000.00	EUR
PN 4	15-12-2005	17-12-2012	78,721,329.90	70,000,000.00	GBP
PN 5	15-6-2007	15-6-2012	99,889,592.53	100,000,000.00	EUR
PN 5	15-6-2007	15-6-2014	149,785.335.22	150,000,000.00	EUR
PN 5	15-6-2007	15-6-2014	89,910,145.76	80,000,000.00	EUR
PN 6	17-3-2008	15-3-2013	67,559,959.46	60,000,000.00	GBP
PN 7	15-12-2008	15-12-2013	105,425,264.93	105,000,000.00	EUR
PN 8	16-3-2009	15-3-2014	29,948,544.62	30,000,000.00	EUR
PN 8	16-3-2009	15-3-2016	24,950,173.53	25,000,000.00	EUR
PN 9	15-9-2009	16-9-2013	4,986,108.83	5,000,000.00	EUR
PN 10	15-12-2009	17-12-2012	28,149,983.11	25,000,000.00	GBP
Arranger fees			783,562.11		
			702,610,000.00		

Note that the arranger fees have been accounted for as deferred expenses in 2009 as these expenses related to fees paid before 1 January 2008; consequently deduction of these fees from long term liabilities was not required yet based on existing guidelines. As of 2010 all arranger fees are deducted from long term liabilities.

In March 2010, Celesio Finance repaid 16.9 Mil GBP on the 6 year tranche of the second Promissory Note issued March 2004 which is now fully repaid. In June 2010, Celesio Finance repaid early 60 Mil GBP which is the variable interest part of the Promissory Note issued in December 2005 Both Promissory Note were on balance as per 31 December 2009 as Current liabilities.

In June 2010, Celesio Finance also fully repaid early the Promissory Note issued in December 2009. In September 2010, Celesio Finance fully repaid early the 7 year 22.5 Mil EUR tranche of the Promissory note issued in September 2004.

31 Dec 2010	Start	Maturity	Net amount (EUR)	Face value	CCY	Repaid
PN 3	15-9-2004	15-9-2011	0.00	0.00	EUR	15-9-2010
PN 4	15-12-2005	17-12-2012	81,259,196.08	70,000,000.00	GBP	
PN 5	15-6-2007	15-6-2012	99,934,518.60	100,000,000.00	EUR	
PN 5	15-6-2007	15-6-2014	149,833,492.96	150,000,000.00	EUR	
PN 5	15-6-2007	15-6-2014	92,810,494.26	80,000,000.00	EUR	
PN 6	17-3-2008	15-3-2013	69,706,651.18	60,000,000.00	GBP	
PN 7	15-12-2008	15-12-2013	105,444,155.80	105,000,000.00	EUR	
PN 8	16-3-2009	15-3-2014	29,960,787.92	30,000,000.00	EUR	
PN 8	16-3-2009	15-3-2016	24,958,202.97	25,000,000.00	EUR	
PN 9	15-9-2009	16-9-2013	4,989,856.26	5,000,000.00	EUR	
PN 10	15-12-2009	17-12-2012	0,00	0,00	GBP	15-6-2010
Listed Bond	26-4-2010	26-4-2017	493.434.088,96	500.000.000,00	EUR	
			1.152.331.444,99			

The parent company Celesio AG, Stuttgart has guaranteed the Promissory Notes.

Listed bond (included Bond and private placements)
With the aim of diversifying the funding portfolio, Celesio Finance B.V. placed the first ever Celesio Corporate bond at private and institutional investors in Germany and other European countries on 16 April 2010. The proceeds were paid out to Celesio Finance B.V. on 26 April 2010. The bond has a nominal volume of 500 Mil EUR and a term of seven years; interest is charged at a fixed coupon rate of 4,5% p.a.. In addition to extending the funding portfolio, the issue of the bond also reduces the bank liabilities in favour of stronger capital market financing and prolongs the maturity profile of Celesio Finance liabilities and to diversify our investor base. The bond is admitted to trading on the EU-regulated market segment of the Luxembourg Stock Exchange.

The parent company Celesio AG, Stuttgart has guaranteed this bond.

Convertible bond
At 29 October 2009 Celesio Finance B.V. issued a convertible bond with a nominal value of 350 Mil EUR. The convertible bond is listed on the non-regulated open market segment (Freiverkehr) of the Frankfurt Stock Exchange.

The convertible bond is split into tranches of EUR 50,000 and has a coupon of 3.75% per year ,based on the outstanding amount, and matures on 29 October 2014. The convertible bond grants the investor a right to convert the bond into shares in Celesio AG. In this conversion option Celesio AG guarantees to the bondholders the right of the Holder of the convertible bond to convert the convertible bond into shares of Celesio AG.

The conversion price stood at EUR 22,49 both on the date the bond was issued and at the end of the reporting period. According to the terms of the bond, the conversion price will be adjusted during the term of the bond for certain predefined events. The conversion rights granted by the bond correspond to 15.6m shares to be issued from contingent capital of the guarantor.

Based on the applicable accounting treatment, the bond is recognised at fair value being 315 Mil EUR (2009: 307 Mil EUR).

Intercompany loan receivable
The receipts of the above mentioned convertible bond have been used by Celesio Finance B.V. to provide an intercompany loan to Celesio AG for the whole nominal amount of 350 Mil EUR. This intercompany loan has a term of 5 years and a fixed interest rate of 3.803% p.a.. Consistent to the accounting treatment of the convertible bond, this intercompany loan is recognised at fair value being 315 Mil EUR (included in the financial fixed assets; refer to note 5.2).

5.7 Current liabilities

Taxation and social security costs

	31 Dec 2010	**31 Dec 2009**
	x 1000 EUR	x 1000 EUR
Wage tax	1	4
Social security costs	1	4
	2	8

Other liabilities

	31 Dec 2010	**31 Dec 2009**
	x 1000 EUR	x 1000 EUR
Vacation pay and days	2	4
Bonus	3	6
Other	10	120
	15	130

The current liabilities have a remaining term of less than one year.

5.8 Commitments and contingencies not included in the balance sheet

Guarantee parent company

Celesio AG has provided a guarantee to the loan providers of Celesio Finance. In case of default of the intercompany loans Celesio AG has agreed under a limitation of recourse agreement between Celesio Finance and Celesio AG that the right of recourse of Celesio AG is limited in so far that the economic risk of Celesio Finance B.V. is effectively limited to EUR 2 Mil. This is in order for Celesio Finance to meet the Art. 8c paragraph 2 VpB (Corporate Income Tax law) requirements.

Operational leases and Rent obligations

There are no operational leases or rent obligations as per 31 December 2010.

6 Notes to the profit and loss account

6.1 Interest income

	2010	2009
	x 1000 EUR	x 1000 EUR
Interest from Group companies	69,393	51,607
Interest from banks	-	104
	69,393	51,711

6.2 Interest expenses

	2010	2009
	x 1000 EUR	x 1000 EUR
Interest to Group companies	3,344	4,641
Interest to third parties	61,805	42,836
Bank charges	42	41
	65,191	47,518

The net result of the revaluation which amounts to EUR 53 is included in the interest expenses.

6.3 Employee benefits

	2010	2009
	x 1000 EUR	x 1000 EUR
Wages and salaries	77	75
Pension costs	4	5
Other social security costs	9	10
	90	90

During 2010 an average of 1 employee (2009:1 employee) was employed by the company.

6.4 *Other operating expenses*

	2010	2009
	x 1000 EUR	x 1000 EUR
Other personnel expenses	42	8
Housing expenses	24	23
Office expenses	3	3
General expenses	310	196
	379	230

The general expenses relate to consultancy costs, audit fees and management fees.

6.5 *Taxation on result*

	2010	2009
	x 1000 EUR	x 1000 EUR
Taxable amount	3,733	3,873
Income tax expense	952	972
Effective tax rate	25.5%	25.1%
Applicable tax rate	25.5%	25.5%

6.6 Audit fees

The following audit fees were expensed in the profit and loss account in the reporting period:

2010	PricewaterhouseCoopers
	€'000
Audit of the financial statements	40
Other audit procedures	0
Tax services	13
Other non-audit services	0
	53

6.6 Directors' remuneration

No directors' remuneration is being paid (2009: nil).

Financial instruments

a) Celesio Finance uses the following Currency Forwards to hedge the currency risk on its intercompany loans.

Currency Forward:		**31 Dec 2010**
	GBP	EUR
Nominal Amount	173,569,466	207,277,864
Fair value		5,508,547

Currency Forward:		
	DKK	EUR
Nominal Amount	235,468,179	31,598,841
Fair value		21,010

Currency Forward:		
	SEK	EUR
Nominal Amount	360,887,370	39,586,538
Fair value		-649,844

Currency Forward:		
	CZK	EUR
Nominal Amount	383,755,250	15,228,505
Fair value		-77,336

Please note that the nominal EUR amounts are based on the forward rates of the contracts, The mark to market values are calculated using the discounted cash flow method and are consistent to the fair value quotes provided by the external banks.

b) In addition Celesio Finance used Interest Caps to manage the interest risk on the Promissory notes issued in 2007. The interest cap has been sold in December 2010 (fair value: 2009: EUR 999,000).

Baarn, 28 April 2011

Board of Directors,

Original has been signed by	Original has been signed by
T. Frings	T. Beer

Celesio Finance B.V.
Barbara Strozzilaan 201
1083 HN Amsterdam
Statutory Seat: Amsterdam

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

Other information

Proposed profit appropriation

Following the profit appropriation proposed by the Management Board and pursuant to Article 14 of the Articles of Association, an amount of € 0 of the profit for 2010 of € 2,781 will be distributed to the holders of preference shares. The Management Board proposes to add € 0 of the remaining profit to the other reserves. The remainder will be at the disposal of the Annual General Meeting of Shareholders.

The Management Board proposes to appropriate the profit of € 2,781 as dividend. The profit appropriation is not reflected in these financial statements.

Events after the balance sheet date

No subsequent events to report.

Audit report

pwc

Independent auditor's report

To: the General Meeting of Shareholders of Celesio Finance B.V.

Report on the financial statements

We have audited the accompanying financial statements 2010 as set out on pages 5 to 30 of Celesio Finance B.V., Amsterdam, which comprise the company balance sheet as at 31 December 2010, the company profit and loss account for the year then ended and the notes, comprising a summary of accounting policies and other explanatory information.

Board of directors' responsibility

The board of directors is responsible for the preparation and fair presentation of these financial statements and for the preparation of the management board report, both in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the board of directors is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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T: +31 (0) 88 792 00 30, F: +31 (0) 88 792 95 08, www.pwc.nl

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Celesio Finance B.V. as at 31 December 2010, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2: 393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2: 392 sub 1 at b-h has been annexed. Further we report that the management board report, to the extent we can assess, is consistent with the financial statements as required by Section 2: 391 sub 4 of the Dutch Civil Code.

Utrecht, 28 April 2011
PricewaterhouseCoopers Accountants N.V.

Original has been signed by drs. B.A.A. Verhoeven RA